

CALTRANS
EASTBOUND SOUNDWALL PROJECT
IN THE CITY OF GLENDALE

CALL FOR PROJECTS
SOUNDWGL

REPORT NO.
07-CAL-G04

MARCH 2008



Metro

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EXECUTIVE SUMMARY

At the request of the Project Manager, Kathleen Sanchez, a closeout review was completed by the Los Angeles County Metropolitan Transportation Authority (Metro) Management Audit Services (Management Audit) for the Transportation Improvement Program (TIP) call for project Memorandum of Understanding (MOU) SOUNDWGL. This MOU is with the State of California, Department of Transportation (Caltrans) to construct an eastbound soundwall at route 134 from .19 km west of Concord Street undercrossing to .09 km east of Columbus Avenue Pedestrian overcrossing. Metro's share of the eastbound soundwall project cost is \$3,419,000 or 100 percent. The westbound estimated project cost of \$3,001,000 is funded by the State Transportation Improvement Program (STIP) funds for design and construction only. Caltrans combined both the eastbound and westbound soundwall projects for a total estimated cost of \$ 6,420,000. The sound walls were combined to prevent conflicts, to streamline the construction operation, and to minimize traffic interruption during construction. Based on Caltrans engineer's estimate, the total project cost is allocated as follows:

- 47 percent westbound soundwall
- 53 percent eastbound soundwall

The total project cost of \$4,332,289 is the actual cost for the combined project. We questioned \$299,815 of the total combined project cost which represents questioned overhead cost and cost incurred not invoiced within 60 days after the lapsing date. This results in total allowable project cost of \$4,032,474 (\$4,332,289-\$299,815). Metro's share for the eastbound soundwall is \$2,137,211 (\$4,032,474 X 53%).

Metro reimbursed Caltrans \$2,296,113 of the \$2,137,211 for the eastbound soundwall allowable project cost and no retention was withheld. Metro overpaid \$158,902 (\$2,296,113-\$2,137,211). Unused funds of \$1,281,789 (\$3,419,000-\$2,137,211) remain on the MOU.

We recommend \$2,137,211 as the final MOU total programmed cost.

INTRODUCTION

Background

The MOU is between Caltrans and Metro. The objective of the project is to construct soundwall along the 134 Freeway from .19 km west of Concord Street undercrossing to .09 km east of Columbus Avenue Pedestrian overcrossing in the City of Glendale. The scope of work includes the design, right-of-way, right-of-way support, construction support, and construction capital. The MOU commenced on April 1, 2001 and the lapsing date was June 30, 2004.

INTRODUCTION

Objectives

The audit objectives were to:

- Determine the allowability, allocability and reasonableness of the incurred cost.
- Determine whether costs incurred and billed were allowable under relevant cost standards and in compliance with the specific and general terms of the MOU and project management guidelines.
- Determine whether costs incurred were properly and accurately charged to the MOU, were reasonable in amount, and were supported by documented evidence.
- Determine whether costs were properly recorded for reimbursement purposes and that reimbursements were received by Caltrans and that Metro's books properly reflect these transactions.
- Determine whether cost incurred were by the lapsing date and invoiced within 60 days after the lapsing date.

Scope

We determined the amount invoiced by Caltrans for costs incurred in the performance of the MOU. The invoices were submitted between July 15, 2002 and December 15, 2006. We also determined the amounts paid by Metro.

We conducted this attestation review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives. We used the cost principles contained in the Federal Acquisition Regulation

(FAR) Subparts 30 and 31, and the MOU provisions to evaluate and analyze the incurred cost.

The cost claimed is the responsibility of Caltrans. Our responsibility is to express a conclusion based on the audit.

The report is intended solely for the use of management and should not be used for any other purpose without first consulting Management Audit.

INTRODUCTION

Methodology

We selected invoices submitted by Caltrans and traced various costs included on the invoices to supporting documentation such as vendor's invoices. We reviewed the costs for allowability in accordance with applicable cost standards and compliance with the terms and conditions of the MOU. We also reviewed accounting and MOU records to determine if the amounts claimed for reimbursement, as represented by the invoices submitted by Caltrans, were actually paid.

RESULTS

Conclusion

Based on our review, we questioned \$299,815 in overhead and cost incurred not invoiced within 60 days after the lapsing date. This results in allowable project cost of \$4,032,474 (\$4,332,289-\$299,815). Our share for the eastbound soundwall is \$2,137,211 (\$4,032,474 X 53%). Caltrans billed \$2,296,113 or 56.94% of \$4,032,474 allowable project cost.

Caltrans was paid \$2,296,113 and no retention was withheld. Therefore, Caltrans over billed Metro \$158,902 (\$2,296,113-\$2,137,211).

Unused funds in the amount of \$1,281,789 remain on the MOU. Except for \$292,113, invoices were submitted before the lapsing date of June 30, 2004.

Recommendation

We recommend \$2,137,211 as the final cost of this MOU. We also recommend that Countrywide Planning recover the over billed cost of \$158,902 and use the appropriate procedures in the MOU in regards to unused funds.

Management Response

Metro Project Manager concurred with the results and recommendations of the audit. However, Caltrans Project manager thru the Division of Accounting disagreed with the audit findings.

Caltran's Response:

In their letter dated February 19, 2008, Caltrans disagreed with the audit findings "that Metro was overbilled \$292,113 since these costs were billed after the lapsing date. All

RESULTS

costs were incurred prior to the lapsing date of the MOU, therefore, all costs are deemed valid. Caltrans' final accounting process must occur prior to final billing".

Auditor's Rejoinder:

We accepted the additional supporting document submitted for \$24,550 which reduces the questioned cost in overhead to \$7,702. However, we disagree with Caltrans that the \$292,113 were incurred prior to the lapsing date, we questioned the cost because it was invoiced two and a half years after the lapsing date of June 30, 2004. Part II, Section 8.1 of the MOU states that "Work not invoiced within 60 days after the lapsing date is not eligible for reimbursement".



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Wed Mar 26 14:16:42 2008

Ruthe Holden
Chief Auditor
March 2008

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APPENDIX

SUMMARY OF MOU NO. SOUNDWGL
PROJECT FUNDING AND EXPENDITURES

Funding Source	Budgeted Funding	Percent	Actual Expended	Percent	Allowable Cost Expended	Underrun
Westbound:						
STIP	\$3,001,000	47.00%	\$ 2,036,176	47.00%	\$1,895,263	\$1,105,737
Eastbound:						
Prop C 25%	3,419,000	53.00%	2,296,113	53.00%	2,137,211	1,281,789
Total	\$ 6,420,000	100.00%	\$ 4,332,289	100.00%	\$4,032,474	\$2,387,526